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DEPARTMENT OFLaura E. Burri WATER RESOURCE®m S. Christenson

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Daniel V. Steenson

February 3, 2010

Delivered by hand and by electronic mail

Terry Uhling
Idaho Water Resource Board
322 East Front Street
P.O. Box 83720
Boise, Idaho 83720-0098
tuhling@simplot.com

Dear Terry:

The purpose of this letter is to inform the Idaho Water Resource Board (IWRB) that Idaho Trout Company, Blue Lakes Trout Company, Rim View Trout Company, and Clear Lakes Trout Company (Trout Companies), are opposed to proposed legislation that undermines their water rights and/or imposes a tax or fee on their water rights, including, but not limited to, the draft funding legislation for the ESPA Comprehensive Aquifer Management Plan (CAMP) that has been prepared and recently circulated by the Idaho Department of Water Resources (IDWR). Accordingly, the Trout Companies urge the IWRB not to propose such legislation to the legislature.

With respect to their opposition to such legislation, the Trout Companies submit herewith several letters they previously submitted to convey their concerns related to the CAMP process. The Trout Companies also share the concerns expressed in the enclosed memorandum identifying legal issues pertaining to IDWR's draft CAMP funding legislation.

Please note and include this letter and the enclosures in the IWRB record of its consideration of IDWR's draft CAMP funding legislation.

Sincerely, Anh 2. Housings

Daniel V. Steenson

cc: Trout Companies

enclosures

Attorneys representing spring and surface water users received the draft CAMP funding legislation in mid January. This draft legislation is too long, complex, novel, controversial, and affects too many people to be circulated for the first time in January for affected water users to review. HB 264 does not require the Idaho Water Resource Board (IWRB) to present a funding proposal this session, nor does it require that the proposal be in the form of legislation. There is also no indication in HB 264 that the proposal should grant new taxing authority to the IWRB, or contain substantial new declarations of policy and legislative intent. Legislative consideration of a funding mechanism should be postponed until a well-crafted proposal is fully vetted in a timely manner.

The proposed legislation raises fundamental legal and constitutional issues that should be fully evaluated before the legislation is recommended by the ESPA CAMP Implementation Committee, approved by the IWRB, or proposed to the Legislature. The following issues have been identified in the short time they have had to review the draft.

- 1. Is it necessary and/or appropriate for this legislation to codify statements of CAMP objectives from the State Water Plan of CAMP in declarations of policy and statements of legislative intent?
- 2. Are the declarations of policy and legislative findings and intent consistent with existing constitutional and statutory provisions protecting senior water rights and requiring IDWR to administer water rights in accordance with the prior appropriation doctrine? Are those provisions consistent with prior House and Senate Resolutions related to ESPA management?
- 3. Are the purposes and uses of the proposed taxes ("fees") properly defined for purposes of levying the taxes, implementing ESPA CAMP objectives, and providing ESPA water users the purported benefits of the funding?
- 4. Do the proposed taxes ("fees") on the diversion and use of water impair constitutionally protected rights to appropriate the waters of the State of Idaho?
- 5. Is it constitutionally permissible for the Legislature to authorize the IWRB to levy ("determine") and collect the proposed taxes on existing water rights, when such authority is not enumerated in Article XV, §7 of the Idaho Constitution, or necessary to implement authority enumerated in Article XV?
- 6. If it is permissible for the Legislature to grant the IWRB such authority, is it sound policy (i,e. consistent with the IWRB's purposes, composition, operations, and capabilities)?

A discussion of some of these issues follows. Due to time constraints in reviewing the draft legislation, our identification and discussion of issues is preliminary.

1. <u>Declarations of Policy and Legislative Intent (proposed 42-1782 and 42-1783)</u>

The Water Board has authority to develop and implement the State Water Plan to set policies related to the future use of the unappropriated waters of the state of Idaho. Neither the Legislature nor the Water Board have the authority to affect existing water rights or any provision of law related to the administration of water rights through the State Water Plan. Accordingly, legislation to provide funding for the ESPA CAMP may not affect existing water rights or the State's obligation to administer water rights in accordance with State law.

The provisions of the draft legislation declaring state policy, legislative findings and intent (proposed sections 42-1782 and 42-1783) are superfluous to the mandate of HB 264 to propose a funding mechanism to the Legislature for approval. House and Senate Concurrent Resolutions, including SCR 136 referenced in HB 264, contain adequate legislative findings to set the stage for a proposed funding mechanism. Reference to the HB 264 directive to develop and submit a funding mechanism are sufficient for the purposes of a funding mechanism proposal. See Draft version 1.8, at 1, lns 9-16.

These sections of the draft legislation contain statements that ignore and subordinate priority administration to other "full economic development" considerations and objectives. See, in contrast, House Bill No. 848 (2004), which contains the following statement: "It is legislative intent that the conjunctive administration of water rights from the Eastern Snake River Plain Aquifer and hydraulically connected surface water sources be achieved in a manner consistent with the prior appropriation doctrine and state law."

Presently, as a component of the State Water Plan, the ESPA CAMP does not rise to the level of statutory law. Incorporating statements of CAMP objectives in the legislation may be interpreted to raise aquifer management on par as a purpose of state law with priority administration of water rights. Priority of right is, however, a constitutional principle, which cannot be subordinated to aquifer management considerations without a constitutional amendment. To avoid any such conflict or confusion, ESPA CAMP objectives should not be transformed from the State Water Plan to statute.

Compounding this issue is the use in the legislation of ambiguous terminology that is subject to varying interpretations, some of which, we know, are aimed at "retiring" senior water rights. For example, in proposed section 42-1783(4) the Legislature adopts a "water budget change of 600 thousand acre-feet ('kaf') annually by the year 2030 through a mix of water management actions including, . . . demand reduction strategies" (i.e. "retiring" existing spring water rights).

The explicit objective of reducing spring rights is at odds with the constitutional and statutory requirement to protect those rights by curtailing juniors in times of shortage. How can the State be expected to curtail junior rights causing to injury to seniors, at the same time that it is attempting to eliminate the senior rights to whom the water would be delivered?

2. Rationale, and Enforcement of the Proposed Taxes ("Fees")

In proposed section 42-1783(6) the "Legislature finds that the amount of the fee to be assessed individual water right holders within the various categories of water users . . . reasonably reflects the benefits to be enjoyed by the various categories of water users from the implementation of CAMP." There is no basis for this finding, since the legislation does not state "the amount of the fee to be assessed." Furthermore, the legislation does not identify any of the benefits that will accrue to the spring users.

Also of concern is the fact that, once this legislation is adopted, the fee can only be changed through subsequent legislation. This form and of taxation may be unprecedented in Idaho law. There is no indication from the drafters of this proposed legislation whether this section is modeled after or comparable to any other law.

In proposed 42-1784(2) & (3), no basis is given for given for exempting the identified categories of water users from the tax imposed on other water users by the legislation. These sections emphasize the lack of any commitment in the legislation from the State of Idaho to fund the CAMP that it has created. Farmers, who are being compensated to idle their lands through CREP and other means, yet retain their water rights, should not be exempt from assessment (landowners in irrigation districts who cannot receive water are nonetheless subject to assessment).

Regarding proposed 42-1784(4), we have not had an opportunity to research whether enforcement of the type of tax imposed by this legislation though the vehicle of a lien on the water user's land is lawful or appropriate. It raises obvious concerns. What has been the discussion that lead to the inclusion of this enforcement provision?

3. Use of Funds Generated From the Taxes.

Section 42-1787 provides that all funds collected shall be used for the purposes authorized by I.C. §42-1780. I.C. §42-1780 provides for a statewide aquifer planning and management fund to be used for "the statewide comprehensive aquifer planning and management effort." Thus, the proposed taxes will be used for statewide purposes, that may not provide any benefits to ESPA water users. This provision is inconsistent with the previously-mentioned legislative finding in proposed section 42-1783(6) the "Legislature finds that the amount of the fee to be assessed individual water right holders within the various categories of water users . . . reasonably reflects the benefits to be enjoyed by the various categories of water users from the implementation of CAMP." This provision is also inconsistent with section 42-1784, which indicates that the fee will be used to fund ESPA CAMP.

Even if the funds are intended to be used to fund ESPA CAMP, the draft legislation gives no further indication of the authorized uses of the funds. It merely references the ESPA CAMP as a component of the State Water Plan. This leaves open many possibilities, including the use of taxes collected from injured senior water right holders to fund mitigation to be provided to those same seniors.

4. <u>Proposed IWRB Levy and Collection of Taxes</u>

The draft legislation authorizes the IWRB to levy ("determine") and collect taxes ("fees") from various water user groups (whether the assessments constitute a tax is not determined by the use of the word "fee" in the draft legislation). The proposed legislation raises a significant issue as to whether the Legislature can and should authorize the IWRB to levy and collect taxes.

The IWRB's authority is defined by Article XV, §7 of the Idaho Constitution and legislation enacted by the Legislature to implement those purposes. *Idaho Power Co. v. State*, 104 Idaho 570, 573-574 661 P.2d 736, 739-740 (1983). The proposed legislation would confer significant new authority and responsibilities on the IWRB to levy and collect taxes, however, no such authority is enumerated in Article XV, §7. It is not clear that legislative authority to impose such a tax can be inferred from the State Water Board's authority to "develop and implement" a state water plan."

If the Legislature may constitutionally authorize the IWRB to levy and collect taxes, there is a significant question as to whether this activity is consistent with the IWRB's existing purposes, capabilities and operations.

Finally, there is no statement of fiscal impact. Is it presumed that funding necessary to implement the IWRB's new responsibilities will be funded entirely from the new taxes?

Idaho Trout Company 1301 Vista Avenue Boise, Idaho 837056 January 5, 2009

Idaho Department of Water Resources Attn: Sandra Thiel

PO Box 83720

Boise, ID 83720-0098

Email: IDWRinfo@idwr.idaho.gov

ESPA Comprehensive Aquifer Management Plan (CAMP) RE:

Idaho Trout Company (ITC) and its affiliated companies, Blue Lakes Trout Company, Rim View Trout Company, and Clear Lakes Trout Company casts a NO vote against the draft Comprehensive Aquifer Management Plan (PLAN) dated November 6, 2008. Please see our previous comments to CDR and IWRB. The reasons for our antipathy are as follows.

The PLAN covertly supplants the prior appropriation doctrine whereby prior water right holders are protected from later junior encroachment on their rights. We have laws on the books to manage the aquifer, i.e. the prior appropriation doctrine; the laws are just not followed.

The PLAN is subject to bureaucratic adjustment and, thus subject to questions of impartiality. The draft PLAN has "feel good" goals, which neither recognize the acute, present day senior water shortages nor address those shortages in a timely fashion as required by law. In fact, the last sentence, first paragraph, of the Executive Summary 1 not only demonstrates a lack of understanding, but also inflates the value of the submittal by warning of consequences (beyond PLAN control) if the PLAN is not adopted.

The PLAN ignores the serious relevance of accelerated Global Climate Change. Consider the last two sentences in Section 2.3 "CAMP Implementation Benefits" where it is stated: "In addition, proactive management of water supplies will help address variability in climate conditions, including drought. The expected change in the water budget, resulting from implementation of the management plan, will address regional water supply needs and

¹ Pg.4 of 41. Section 1.0: First paragraph: "Delaying the CAMP Implementation will result in the further decline of the resource, requiring more time, cost and effort to improve conditions." ² Pg. 9 of 41,

environment concerns".3 This is impossible if "to address" means "to solve". The language just quoted, with modifying terms like "proactive", and "will help address", and "expected change", and "will address", and "concerns" reveals a problem solving attitude that equally accepts success or failure. The problem is far too serious for such an approach.

To create "alternatives to administrative curtailment" bounty must trump shortage; there must be more than enough for everyone. There is not enough for everyone. Presently, the painful shortages of those who have made water calls often seems to be viewed by many people as something embarrassing, uncomfortable, like some medical condition where "I'm sure glad I'm not in his shoes".

The PLAN offers evidence for its legitimacy by printing its "Advisory Committee Membership List⁴" and asserting that "development took place in a public forum"⁵. It is not legitimate in our view because our comments, both written and verbal, have been ignored. We have seen no evidence that our views were considered or presented for discussion. When interviewed by CDR principals Bartsch and Tate, they took no notes. When ITC sent a position paper, it was not shown on the WEB page where comments were listed. Perhaps the comments were ignored or not understood, and if so, the lack of investigative questions by CDR and others leads us to believe that understanding was not the intent.

Because IDWR has never curtailed in order to protect the water supply, the State protects juniors at seniors expense. If IDWR had a history of protecting senior water rights then everyone could afford to have faith and patience with long term plans. Over a dozen studies of the ESPA have been completed since the mid-sixties predicting shortages, yet the Department of Water Resources has shown no inclination to protect the aquifer.

The PLAN avoids cheap and efficient administrative curtailment. Not only will administrative curtailment deliver water in times of shortage in as reasonable time as possible,

³ Pg. 9 of 41, Section 2.2; last par. ⁴ Pg. 38 or 41

⁵ Pg. 6 of 41; Section 2.0 BACKGROUND

but also it may establish an active water market. Water markets tend to be a self regulating mechanism that can "manage for a reliable supply⁶".

The plan also suggests buy-outs of junior water rights holders. Juniors infringing upon senior water rights cannot be paid (i.e. paid for water) to curtail while seniors suffer financial curtailment. Rewarding juniors when senior are damaged just encourages the attack on the aquifer and exposes a biased preferential standard for one business group versus another.

The PLAN is one consequence of a water shortage that prompted senior non-consumptive water right users to litigate. We have both financial and ethical obligations to do so. To imagine that a thirty year plan, qualified with "expectations", "weather modification programs", "recommendations", "phases", will help our small company recover shortages of over 150,000 acre feet is actually foolish.

The PLAN has five objectives⁷, the fifth one is "Reduce withdrawals to the aquifer". Reducing withdrawals from the aquifer does several things:

"Increase predictability for water users by managing for reliable water supply; (objective #1) "Manages overall demand for water within the Eastern Snake Plain"; (objective #3

Accomplishing just objective #5 is an essential part of three other goals.

The purpose of Administrative Curtailment (the Prior Appropriation Doctrine) is to reduce withdrawals from the aquifer. It is a process administered by such states as Colorado in contrast to Idaho. I doubt that there are other tools so clearly designed to solve water shortages in the arid West. When CAMP suggests reliance upon cloud seeding, it is good to recall that dreams of weather modification have led to some of the worst moments in mankind's anthropological history. The CAMP appears to be a method whereby in times of drought and shortage, immediate action can be avoided, as it has been for decades.

Finally, the PLAN proposes to impose a financing fee wherein senior water holders will be required to mitigate for their own shortage. Somewhat similar to "I'll tax you after I have

[&]quot;It increases recharge to the aquifer" (water is not pumped out); (objective #4)

⁶ See footnote #6.

⁷ Pg. 6 of 41, Section 2.0,

already taken your harvest" Seniors should not be required to mitigate (pay for) for damage to their own right.

And lastly, a previous version of the Draft PLAN (10-28-08)⁸ has a section called Hydrologic Benefit, and the first two sentences are: "It is estimated that implementation of a combination of demand- reduction measures could result in a 350 kaf change in the water budget. The state has already achieved approximately 40,000 acre-feet in demand reduction through the CREP program, and 18,000 acre-feet annually through the acquisition of the Pristine Springs facility". The Pristine acquisition purchase 215 cfs of re-use (waste) water, and 25.3 cfs (18,315.7 acre-feet) fresh first use water did occur. However, only 7,239.4 acre-feet was directed to Blue Lakes Trout Farm to reduce demand. The remaining 11,076.7 acre-feet was allocated to the city of Twin Falls. Actually, the 7,239.4 acre-feet (10 cfs) re-directed to Blue Lakes is often not present. The aquifer is declining more rapidly than anticipated. Regardless, this redirected water does not solve the shortage at Blue Lakes. Perhaps the PLAN means to say that a there was a demand reduction of 7,239 acre-feet. By no means did the Pristine purchase reduce demand by 18,000 acre-feet annually.

In conclusion, we have more than a 150,000 acre feet shortage each year and have been for over a decade while the State commissions studies and plans to do something.

Sincerely,

Apita Kay Hardy, President

Gregory Kaslo, Vice-President

Idaho Trout Company

⁸ Pg. 16 of 43, Hydrologic Benefit, November 2008

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Anita Kay Hardy, President Gregory Kaslo, Vice President Idaho Trout Company 1301 Vista Avenue Boise, Idaho 83705 January 5, 2009

Mr. Gary M. Chamberlain Chairman, IWRB State Water Plan Subcommittee 322 East Front Street Boise, Idaho 83720

Dear Mr. Chamberlain,

Thank you for your July 14, 2008 letter. However, because your letter does not address our comments, we have included copies of previous correspondence for your consideration. We have been disappointed at the lack of response to our comments by the IWRB and by the CAMP process. We do keep trying to be part of the process, and will continue to do so.

In your letter, you welcome us to become part of the process and state that you look forward to our involvement. Mr. Chamberlain, we have been part of the process. We are the people you spoke to, in the hall outside the meeting room, at the very beginning of the process when, at one of the first IWRB meetings in Boise, you told us that you did not need our input and that you "knew what you were doing". We have been part of the process, and you spoke to us personally on that occasion with this advice. Nevertheless, we have given our input throughout the process as the attached demonstrates:

March 2, 2006 comments submitted to CDR Associates

November 20, 2006 comments to CDR Associates and IWRB

June 4, 2007 letter to Governor Otter referencing our submittals to IWRB

May 26, 2008 letter to IWRB

Additionally, in terms of participation, we talk with the Spring Water Users representatives to the CAMP discussions; we were highly instrumental in the formation of the Thousand Springs Water Users Association (although we are no longer members); we talk with representatives at the Idaho Prior Appropriation Doctrine Association (IPADA), and we have

been, and continue, to be vigorously involved in mediation, discussion, and litigation for over <u>eight</u> years. We have met with pumpers, representatives of pumpers, lawyers of pumpers, mediators, attorneys, representatives of the State, the Speaker(s) of the House, and the State's Attorneys. Furthermore, in 1978, my father Earl Hardy, filed for recharge rights of 1,447,880 acre feet of recharge on the ESPA.

Clearly, we have been part of the process, but we see no indication in your July 14 letter, or in the CAMP draft document, or in discussions that our comments have been heard or taken seriously. We have laid out several plans for solutions to the ESPA water battles, with little or no interest expressed by IWRB. (See attached copy of our December 5, 2008 letter to Mr. Jerry Rigby of the IWRB.) We are afraid that what you said to us initially may be true – that you don't need our comments and that "you know what you are doing". So far, we have felt like pariahs, and your request that we now join in the process reconfirms this perception.

Sincerely,

Kay, Hardy, President

Gregory Kaslo, Vice-President

Idaho Trout Company

Attachments

Cc: Governor Otter

Idaho Water Resource Board c/o Idaho Department of Water Resources Attention: Sandra Thiel P.O. Box 83720 Boise, Idaho 83720-0098

December 31, 2008

My name is Harold Johnson and I have worked in the Idaho Aquaculture Industry for over thirty-three years. I have observed spring flows at five hatcheries (2 large and 3 small) for many years and for three and three quarter years at a third large facility.

Early in the Eastern Snake River Plain Aquifer meeting process I attended several meetings in Twin Falls and Burley. When the Advisory Committee was formed; I realized the aquaculture industry which brought this issue to a head by requesting their senior water rights be filled; had primarily been relegated to bystanders. It has been two years since the Advisory Committee took center stage. The Idaho Water Resource Board has spent a lot of money with out of state facilitators and the plan seems to be long on window dressing and short on meat that will produce long-term fixes to the over appropriated aquifer.

Concerns

The expectation that the hydraulic goal will be achieved by the year 2030 is too long.

Twenty-one years exceeds the actuarial life expectancy of many of stakeholders and definitely exceeds what remains of their productive working years. I believe Phase I should be a 1 to 4 year plan and it should target 500,000 acre-feet annually and Phase II

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should be years 5 through 8 with a targeted goal of 800,000 acre-feet annually. There needs to be quick and positive action to return water to the senior right spring users. The senior right spring users have suffered financially for over 25 years by over appropriation of the resource and lack of action. If we continue to wink at each other and pretend that conditions are improving; we are fooling ourselves.

I have concerns about the accuracy of the Water Model. Some claim the aquifer is stable. It is not. Spring flows continue to decline.

There needs to be specific actions/ projects to be completed in the area of aggressive recharge. Recharge should target the area that will quickly enhance spring flows. Spend the limited funds where the greatest returns will be realized. Aggressive recharge will require significant capital expenditures. The goal should be to maximize our expenditures to get the most benefit to the Eastern Snake Plain Aquifer. All stakeholders deserve to receive the biggest bang from the dollars expended.

The Comprehensive Management Plan appears headed for funding problems and oversights before it even begins. Our paper recently reported that 12 million of 20 million previously appropriated had been pulled. Not an encouraging act with such a serious aquifer problem at hand. Private / individual wells have been excluded from possible funding sources. This should be revisited as the ever-expanding private wells increase the demands on the aquifer. A twenty-dollar per year fee on private wells that are junior to the senior spring users that have been injured for years could raise a

considerable number of dollars. I believe the funds raised from private wells should be earmarked for senior right buy outs, buy downs, or permanent subordination agreements. To use any scarce resources to buy junior water rights or reuse or waste water rights by the State, Ground Water Pumpers and municipalities raises questions of judgement. Fiduciary accountability has to come into play.

I feel the Conservation Reserve Enhancement Program (CREP) is the wrong direction to be going. CREP is not a permanent fix, it is a band-aide benefiting marginal land in many cases that should not or would not be farmed. In many instances CREP may be a tax payer bailout of junior water right holders. These tax payer funds should be used to secure permanent solutions. I do not have information on what dollars the state and federal government presently spends annually on CREP land that affects the Snake River Plain Aquifer. My guess is that it is in the tens of millions annually and maybe much more. These federal and state CREP finds could be spent on infrastructure for recharge to first stabilize the aquifer and then quickly revitalize the aquifer for our children and all the generations to come. The facilities have to be in place and maintained in working condition to take advantage of seasonal recharge opportunities as well as annual events and particularly the less than annual event when climatic conditions provide for the opportunity to move massive amounts of water for later recharge in a more orderly manner by changing the way upper Snake River storage facilities are managed.

There is a need for specific actions that will produce results.

Actions must be focused to fix the area of damage that have existed for many years and that need relief yesterday. The myth that tomorrow will be better is not going to happen unless new thinking is introduced and positive steps are taken quickly. We know the same thing now that we knew two years ago. A lot of people's valuable time and money has been expended.

There needs to be certainty of tangible actions being taken and their actually being carried out timely. As the state legislature is brought into the picture; the pressure comes into play to fight over where moneys are to be spent. The goal should be to maximize spring flows as quickly as possible. The state through many years of Idaho Department of Water Resources over appropriation has created the current problem. And since current IDWR policy has been to avoid curtailment at all cost; the state should use taxpayer funds to wisely produce results.

The CAMP process had its hands tied from the beginning when the Idaho Water Resource Board stated as a primary objective of CAMP to "create alternatives to administrative curtailment."

Curtailment should never have been removed from the table as a primary objective.

The Idaho Department of Water Resources has the in house expertise to conduct ground water trace tests using florescent due to determine hydrologic links within the Snake River Plain Aquifer. This could have been going on for several years to help pin point

the best sites for recharge. There is much to be learned about the inter-connectiveness of the aquifer. This is very low tech and relatively inexpensive and can be performed in many areas of the ESRP aquifer at the same time.

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I truly hope that when the money is put on the ground in the form of infrastructure; that it will target where the most results will be realized and not allocated in back room deals.

Use the money wisely.

The Bell Rapids buy out of junior rights and the Pristine Springs purchase are clear examples of where I feel the best decision of the use of taxpayer, stakeholder, and particularly the City of Twin Falls's money was not made.

Thank you for your consideration of my comments.

Harold Johnson

P.O. Box 701

Filer, ID 83328



Idaho Trout Company

IDAHO TROUT PROCESSORS COMPANY

1301 Vista Avenue, Boise, Idaho 83705 • 208 - 342-0090 • Fax 208 - 342-4252 www.idahotrout.com • rainbowtrout@idahotrout.com

May 26, 2008

Mr. Vic Armacost
Mr. Leonard Beck
Mr. Gary Chamberlain
Idaho Water Resource Board
Idaho State Water Plan Subcommittee
P.O. Box 83720
Boise, ID 83720-0098

RE: Draft language in Section 5G-Snake River Basin Springs.

Dear State Water Resource Board,

Idaho Trout Company and it's farms, which include Blue Lakes Trout Company, Clear Lakes Trout Company, Rim View Trout Company et al. have objections to portions of the Draft Language cited above.

First of all, spring water flows are still declining due to mismanagement and over appropriation of the Eastern Snake Plain Aquifer. The Draft Language avoids the hard reality that the State has the responsibility to manage the aquifer so as to avoid the disastrous effects of over-appropriation and erosion of the water supply in the face of significant global climate change. Idaho has existing laws to arrange orderly adjustments to over appropriation. To protect existing priority water rights and to account for effects of the drought, the State must manage consumption of water, and not further exacerbate the problem by inserting the language contained in Section 5G.

It may be helpful to imagine the scale of the problem as a postulate: when non-consumptive spring water is gone then all water is gone. One may dispute the implied equation, but the long term implications are germane. Management of consumption is the issue.

Now, Section 5G shows proposed draft language as follows: "It must be recognized that future management and climate conditions may reduce present spring flows and while existing water rights are protected it may be necessary to construct different diversion facilities than presently exist". This language violates the prior appropriation doctrine which is the law of the State of Idaho; a new caveat like the language in Section 5G that mouths protection of existing water rights while condoning their depletion, is a transparent travesty of the State's duty to manage and protect the aquifer.

Briefly, "diversion facilities" for pumpers differ qualitatively from those that characterize spring water diversions where the "facilities" are more aptly described as "geologic formations". It is one thing to propose moving or altering the location of a pump, quite another to move basalt cracks from which spring water flows. Spring water diversions are actual physical sites that are one of the defining characteristics of the water right. The legality of the draft language is suspect and there is no authority for the insertion of new language to change existing diversion facilities.

The holders of senior spring water rights seem to find themselves in what may be a curious position. The text on page three, 2nd paragraph under the section titled State Water Plan Formulation, reads as follows: "This plan continues to evolve as an instrument in the adoption and implementation of policies, projects, and programs that develop, utilize, conserve, and protect the state's water supplies." This objective is wonderful, and success with this goal is absolutely essential. Holders of senior non-consumptive water rights have raised their voices and drilled their pocket books attempting to focus political courage on the aquifer decline. We laud the goal, but protest the draft language, which undermines the goal.

The springs are essentially the barometers, the measuring instruments that indicate conditions of the aquifer, of its fitness or of its exhaustion. The problem is not solved by a proposal to move a diversion.

In conclusion, we think the Idaho Water Resource Board should appreciate, and be grateful, that the senior non-consumptive water users are raising such a "stink" about the problem. The problem is consumption. Management which accepts declines of senior priority water rights merely postpones an inevitable catastrophe for which the State will bear primary responsibility.

Sincerely

Kay Hardy, President

Gregory Kasio, Vice-President

Idaho Trout Company

Blue Lakes Trout Farm

Clear Lakes Trout Farm

Rim View Trout Farm

Billingsley Creek Trout Farm (FDC)

White Springs Trout Farm



Idaho Trout Company

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June 5, 2007

Mr. Mike Gwartney Office of the Governor P.O. Box 83720 Boise, Idaho 83720

RE: Request for Proposal

Dear Mr. Gwartney,

When Kay Hardy and I were attending a meeting at the office of Capitol West on Friday, May 25, 2007, you stopped by and listened to part of the conversation. At one point you asked for proposals or explanations that might be of use to Governor Otter as he steers the "ship of state". We appreciate your effort and interest. Please advise if the enclosure is useful.

Sincerely,

Gregory Kaslo

Vice-President, Idaho Trout Company

Producers and Processors of Brownian Original Public Contraction



Idaho Trout Company

IDAHO TROUT PROCESSORS COMPANY

1301 Vista Avenue, Boise, Idaho 83705 • 208 - 342-0090 • Fax 208 - 342-4252 www.idahotrout.com • rainbowtrout@idahotrout.com~

June 4, 2007

Dear Governor Otter,

Balance and equilibrium are essential operational principles for a successful company and for just and fair government policy. This year Idaho Trout Company (the Company) celebrates its 59th anniversary as a family operated aquaculture enterprise, and the Company looks forward to another fifty years of growth.

Mr. Earl Hardy, who founded Idaho Trout Company, had a long history in Idaho economic development; first as a building contractor in Boise and then as the founder of Idaho Trout Processors Company. In the same spirit that moved Mr. Hardy to work with the State of Idaho and the Nature Conservancy to establish the Earl Hardy Box Canyon Nature Preserve, we (Idaho Trout) are considering an offer whereby the State achieves the necessary momentum to calm the "judicial waters" of the aquifer. These proposals, we believe, will provide the Department of Water resources the necessary flexibility to enforce existing prior appropriation laws that allow for orderly economic and natural resource development.

There are three major consequences to our proposal: first, it has the potential to moot the immediate Blue Lakes Trout Co. curtailment orders; second, it substantially reduces the demand side of the aquifer balance equation first envisioned by the 2004 Strawman Proposal; third, it provides subordinated and decreed water to the State that will enhance it's management capabilities.

The proposal, already made to the Idaho Water Resources Board on April 30, 2007, is for White Springs Trout Farm to sell approximately 38 cfs of 1971water, and for Blue Lakes Trout Farm to subordinate approximately 50 cfs of 1973 water to the State of Idaho. This transaction not only provides "administrative breathing room" for water resource managers, but it also helps to establish a level, balanced and stable economic playing field that is essential to Southeastern Idaho communities.

We look forward to additional conversation regarding these matters.

Sincerely,

Kay Hardy

President, Idaho Trout Company

IDAHO TROUT COMPANY, INC. 1-18-2007

Responses to "Power Point" presentation by CDR Associates dated January 16, 17 and 18 2007 entitled

Facilitation of a Framework for Presentation to the 2007 Idaho Legislature

(For more in-depth comments, see Idaho Trout Company "Recommendations for the ESPA Water Management Plan", dated 11/20/06, previously mailed to CDR and the IWRB.)

- A. Any management plan recommended or adopted by the IWRB or the Legislature that supplants, modifies or compromises existing SRBA decreed water rights may be illegal and subject to continued litigation.
- B. Any management plan that, in times of shortage, does not recommend curtailment of junior water rights violates the prior appropriation doctrine. The Framework plan recommends actions to the IWRB, and curtailment ought to be a recommended action. Many of the recommended actions will be administrative actions, so not to include curtailment shows clear bias.
- C. None of the recommended management alternatives is aggressive enough to return "health" to the aquifer.
- D. The State bears responsibility for over appropriation and mis-management of the ESPA; the State should bear the financial cost to stabilize the aquifer.
- E. Senior water right holders cannot be expected to mitigate for their own injury.
- F. The State does not want to temporarily "fix the problem", so Temporary Funding Sources or options (see Framework plan) should be considered permanent. Water shortage is a long term problem, wherein the solution, or non-solution, affects all citizens.
- G. As long as senior water right holders suffer injury, programs like CREP reward junior water right holders at senior's expense. Senior spring water users have been involuntarily curtailed for decades with absolutely no mitigating financial compensation.
- H. Incidental recharge can be considered as a "gain" to the aquifer as long as procedures are in place so it (the "gain") is not pumped out of the aquifer.
- I. The Framework for the "ESPA CAMP" supplants the prior appropriation doctrine and may constitute an unjust taking.
- J. To meet the "full economic development" goals of the State, long-term stewardship is required.

IDAHO TROUT COMPANY, INC. 11/20/2006

Recommendations for the ESPA Water Plan Management

CDR Associates
The Idaho Water Resource Board (IWRB)

Dear CDR Associates and the IWRB:

In the 2006 session the Idaho legislature directed the Idaho Water Resource Board (IWRB) to present recommendations for an Eastern Snake River Plain Aquifer (ESPA) management plan. This directive was issued priprior to a ruling thatby the 5th District Court Judge wherein the current water management administration, called "Conjunctive Management Rules" (CMR) was declared "void and unconstitutional". This water administration, CMR, was created years previously after the Idaho Department of Water Resources (IDWR) was unable (re: "Musser Case") to administer a constitutionally authorized water management plan; the essence of which is printed on each and every water right - the "priority date". ThThe Idaho Water Resources Board hired CDR Associates to gather information from stakeholders. When we met with CDR, it was our understanding that comments from Idaho Trout Company (ITC) would be incorporated into the CDR report. information Although We recognize that the CDR's report is not finalized, conclusive at this pointwe have seen no evidence that our recommendations were incorporated; therefore, so we are resubmitting our comments in writing. The information presented below will be a repetition of information that we previously presented to you at our meeting. to you We are hopeful that our positions can be incorporated into the ESPA management plan, and understand that most of the information presented below will be redundant information that we presented to you at our meeting,

Introduction

Idaho Trout Company is the second largest producer and processor of aquacultured rainbow trout. Idaho Trout company began its operations in 1948 and has continued to expand its operations in the intervening years, most recently in 2005 by acquiring Blue Lakes Trout Farm which began operations in 1952. Idaho Trout Company and its farms hold over 680 cfs of decreed ESPA spring water rights, with a decreed beneficial use period of January 1 through December 31 of each year. For thirty years spring flows have declined to the point where spring rights are now 30-45% below their decreed right. Idaho Trout Company has sustained recent losses of at least more than \$15 million as a result of decreased spring flows. Depletions and economic loss increase each year as the aquifer is depleted. Additional costs have been incurred because of the substantial legal expenses that are necessary to protect senior priority water rights.

The Constitutional Water Management Plan

Like many businesses, Idaho Trout Company began operations as a small family farm. Kay began work as an office janitor in the eighth grade and learned the business from the ground up from her father, Company founder and President Earl Hardy, who passed in 1999. She has continued to protect the Company's water rights as important and valuable company assets by properly obtaining partial decrees as protected by the prior appropriation doctrine. The prior appropriation doctrine was adopted as law in the arid West. Drought is not an excuse for lack of administration by priority; drought is the primary reason for administration by priority.

The IDWR once understood the prior appropriation doctrine; however, since the IDWR lost the "Musser" case and abided by the law, but it has abandoned the law (as recently stated by Judge Wood in the District Court) and failed to meet its responsibility to manage and protect the ESPA. Simply and clearly stated: the State, through it's agency, the Department of Water Resources, has failed its citizens. It has taken seven years of negotiation, mediation, and even _____lawsuits _____ against the State, to garner attention to the depleted state of the ESPA. There is a management plan in place that protects the ESPA and that is the prior appropriation doctrine. administered to protect senior water rights. Any management plan recommended or adopted by the IWRB or the legislature that supplants, modifies, or compromises existing SRBA decreed water rights may be isillegal and subject to continued litigation. constitutes an unjust "taking" of private property rights.

The Struggle for Recharge

The State of Idaho has been negligent not only in its lack of administration of the ESPA according to the law, but also negligent in its lack of focus on recharge policy. When the State said, as it did in the 2006 legislative session, that it "found" two recharge water rights, it was an admission tantamount to saying the State was unaware of the recharge rights. Yet IDWR had granted those rights almost 30 years earlier. The State has not acted on recharge in any responsible manner apparently because it only recently "found" the rights The recharge rights the State "found" were rights applied for in 1978 by Earl Hardy on behalf of the Lower Snake Aquifer Recharge District (LSARD). Mr. Thorleif Rangen, Mr. Bill Jones, Mr. Henry LeMoyne and Mr. Earl Hardy, founding members of the LSARD, along with many others, knew about the recharge rights, and knew they were not lost. These people felt that State Government had little interest in recharge or incentive to act even though there was clear evidence documenting, just not acted upon by the State the depletion.*

The Idea of Stabilization

Thirty years ago many senior water right holders were aware of depletions to their water rights. Private entities such as Idaho Trout Company, and Clear Springs Foods (see Clear Springs Foods, Inc. "Recommendations to the IDWR Board Regarding Development and Contents of an Eastern Snake River Plain Aquifer (ESPA) Management Plan"), semi-public entities like and the LSARD, and individuals too numerous to mention saw the results from over appropriation. Thirty years ago in response to depletions, individual citizens, not the State of Idaho, acted by obtaining recharge rights and forming the recharge district.:

A recent stabilization attempt was made in November 2001 when the "Interim Stipulated Agreement For Areas Within And Near IDWR Administrative Basin 36" was signed. However, this Agreement

*Several years ago, Idaho Trout Company, presented to members of the Interim Legislative Study Committee, copies of the various aquifer studies that IDWR had collected. Dating from the early '60's, these studies clearly show the detrimental effects of increased groundwater pumping on the ESPA.

was never extended because IDWR, within the protected period of the Agreement, administered a water call against one of the signatories. That decision by IDWR, essentially, started the labyrinthian process that recently prompted a District Court ruling highly critical of the State Department of Water Resources.

A water right is a property right. The State has the obligation to manage the ESPA in accordance with the prior appropriation doctrine. Idaho Trout Company began its aquaculture facilities believing in the rule of law and the validity of the prior appropriation doctrine, as did others. To not protect prior appropriators at this time, and to not recognize depletions to their rights..... The water belongs to all of the people of the State of Idaho, with the State as its conservator. Multiple beneficial uses must be considered for the long term sustainability of the ESPA. The aquifer must not be managed for the short term benefit of one class of appropriator to the detriment of all other water users.

The long term goal is sustainability of the ESPA.

Recommendations

- 1. The legislature and the State must affirm the prior appropriation doctrine as adopted in Idaho. This affirmation and it's proper administration will protect the ESPA and the general public because without a water supply and a sustainable aquifer, droughts will ruin social and political structures. to protect against times of drought and inadequate supply when juniors are curtailed.
- 2. The State must accept the consequences of its prior historic mis-administration and over appropriation of the ESPA.
- 3. Water use must be defined beneficially to include the many users of the ESPA, not just one type of consumptive appropriation. Public interest requires that all ESPA water users be included; that beneficial use not be based solely on economic short term gain through consumptive appropriation, but that beneficial use remain a doctrine based on long term usage and enjoyment by the public.

- 4. In 2000 Idaho Trout Company suggested that the ESPA be designated a Critical Groundwater Management Area. Since the aquifer is not currently sufficient to supply the needs of all users, the Eastern Snake Plain Aquifer should be recognized as a finite, or closed, system wherein no additional water rights are issued, but existing rights can be purchased or leased. A Critical Groundwater Management Area should be seriously considered for adoption as a management strategy.
- 5. Within this closed system, a balance of supply and demand can be achieved by recognizing the existing water markets. Willing buyers and sellers can purchase and transfer water rights as long as there is no injury to senior water rights. This water market allows for future growth by municipalities and development of the ESPA, but not at the expense of existing water right holders. Allowing new users to purchase existing water rights in order to enter the ESPA water management system acknowledges the value of existing water rights. A side effect of a market influenced system could be that self-regulating market mechanisms would reduce the taxpayer burden because of reduced State administrative burden. Idaho Trout Company recommends the creation of a water market within the established constitutional framework.
- 6. The water budget for the State of Idaho must include an analysis of droughts and their effects because Idaho is a desert state and droughts are a naturally occurring event. Any water budget that does not include the impact or predictions of reduced water years is totally unrealistic and unacceptable.
- 7. Idaho Trout Company recommends that LSARD recharge water rights (2000 cfs) be fully utilized and that the necessary infrastructure be constructed. Credit should be given to the individuals who had the visionary foresight to create the Recharge District.
- 8. The years of 2000 and 2001 represent a time when shortageshad had significantly (25-90+%) had already involuntarily curtailed senior spring water users. Stabilization and recovery must use non-depleted years as preliminary goals for long term recovery efforts. A realistic approach is to choose a target year when the aquifer flows were "healthy". As stated above in the introduction, 1978-80 1980 represents a time of recognition and action regarding ESPA depletions. Perhaps one of these years would make a good choice the year and is a good target for stabilization as senior water rights were filled, or nearly filled. Regardless of the year or procedure, any "agreement" that codifies a reduction in senior water rights constitutes an unjust and unconstitutional "taking" of private property.
- 9. Idaho Trout would support the CREP program and would support other programs to buy out consumptive water use, but only on the condition that the injury sustained by Idaho Trout Company's senior priority water rights are compensated to the same degree as are junior ground water pumpers. To buy out junior groundwater rights while depletions continue to exist for senior water right holders subverts the prior appropriation doctrine and rewards junior appropriators at

senior water right holders expense. Idaho Trout Company supports the position "No curtailment without compensation" as it applies to every class of water user.

- 10. The rights of the Public to enjoy the waters of the ESPA, including springs in the parks and recreation on the Snake River, should be protected. The State has been negligent in its duty to enforce the prior appropriation doctrine for the benefit of the State park system. Springs such as Niagara Springs (a National Historic Landmark), Crystal Springs, Blue Lakes, Box Springs, Billingsley Park should be protected for the benefit of the public. At Niagara Springs, it may be possible to ally with the Federal government for protection of a Landmark significant to the Nation. It may be possible to ally with the Federal government for protection of springs, waterways and ecosystems, including the Snake River plain for habitat restoration itself.
- 11. State and Federal hatcheries that operate as mitigation for power projects and species preservation have been deprived of flows and thus mitigation objectives are compromised. The State has a duty to protect spring flows for mitigation.
- 12. Reduced spring and Snake River flows degrade wildlife habitat, and these conditions may invite Endangered Species Act review. Idaho Trout Company encourages participation by all ESPA water users, including environmental groups such as Idaho Rivers United who have responsibilities to their constituencies for ESA protection. The ESPA water use dialogue must of necessity benefit all user groups or it has little chance for success.
- 13. Idaho Trout Company continues to support a three solution concept: 1) short or immediate, 2) intermediate, and 3) long term actions or policy steps. 1) Immediate actions involve mitigation in the form of increased water supplies for priority rights or financial compensation for compromised water rights; 2) In a market based system, junior right holders would purchase or rent water rights from senior water right holders who have been involuntarily curtailed or junior rights would be curtailed themselves (with notice similar to senior right curtailment, i.e., 3 weeks). New entrants into the system (developers, municipalities, etc.) can purchase or rent water from existing water right users. This approach helps to stabilize the aquifer while; 3) aquifer enhancement or recharge takes place. The recharge effort is a long term serious responsibility, like national defense, that only governments have the resources to assume. These three simultaneous efforts insures the value of property rights, senior priority water rights, and assures the public that the resource is protected for future generations.

IDAHO TROUT COMPANY, INC

Blue Lakes Trout Farm
Clear Lakes Trout Farm
Fisheries Development (Billingsley Creek Trout Farm)
Rainbow Trout Farm
Rim View Trout Farm
White Springs Trout Farm

March 2, 2006 (one cubic foot per second per year equals 723.94 acre feet)

Dear Facilitator:

In 1980 Clear Lakes Trout Company negotiated a water sharing Agreement with its neighbor, Clear Springs Foods. That water sharing Agreement was a "share the gain and share the pain" proportional arrangement where the facilities gained and suffered jointly based on an agreed upon percentage as the water supply fluctuated. This interim Agreement was meant to provide stability while long term measures were implemented in order to stabilize and enhance the water supply. Unfortunately, before basin wide measures could address the broad water shortage issue caused by drought and pumping of the over appropriated resource, the Idaho Department of Water Resources abandoned the Agreement and administered a water call solely against Clear Lakes Trout Farm, interpreting the Clear Springs Foods call as not applicable to the greater ESPA but only applicable within the confined radius of Clear Lakes Trout Farm. Additionally egregious, Clear Lakes Trout Company signed a Stipulated Agreement in 2002 that protected all water users from calls. Nevertheless, the Idaho Department of Water Resources interpreted that Agreement to protect all parties, except Clear Lakes Trout Company.

Regardless of the breach of faith, Idaho Trout Company and its farms, including Clear Lakes Trout Company, have continued to engage in negotiations and mediation for the past seven years. Idaho Trout Company remains committed to negotiations as long as its short term goals are met. Because of the damage inflicted against its largest facility, Clear Lakes Trout farm, as a result of the water call as outlined above, Idaho Trout Company feels particularly aggrieved and is committed to short term and immediate restoration of its water rights. Prior to the water call against Clear Lakes Trout Farm, we negotiated for long-term solutions; since the call was administered solely against our Company, we have focused on short term mitigation in the form of immediate access to an alternate source of water, or financial compensation for water loss. You, as a facilitator, or any other water user may not agree with our position, but then - it is not your water that was "taken"- it is our water and our position, and we ask that our position be respected as we have respected others'.

A three pronged effort of short, intermediate and long-term goals and actions will be successful if all parties, not just selected parties, "share the pain and the gain". Idaho Trout Company will support the actions of TSWUA and others, but Idaho Trout Company's initial short-term requirements must be met prior to any negotiated agreement. Negotiations have yielded no short term relief, Agreements have been construed to our disadvantage; therefore, any long-term

agreement or negotiation must be predicated on immediate short term mitigation in the form of water or monetary compensation.

The long term goal of Idaho Trout Company is the restoration of its full water rights, which must begin with the stabilization of the ESP Aquifer. Long term actions will result in a higher water table which, of course, makes pumping less expensive; therefore, consumption and conservation must be balanced or history will repeat itself. Aquifer stabilization would be the first signal that the long term improvements are actually occurring.

The stabilization effort should be targeted at the 1980 level because this is the year that the Lower Snake Aquifer Recharge District (LSARD) initiated its effort to restore the aquifer to sustainable levels and when its application for beneficial use was submitted to IDWR. 1980 is also the year when the Clear Lakes/Clear Springs water-sharing Agreement was formulated. In negotiations, IDWR promised a written history of its recharge efforts since 1980; therefore the 1980 date seems to be a marker for stabilization efforts when all entities came to the same conclusion: aquifer stabilization is a laudable, and necessary, goal.

Any stabilization date chosen after the Clear Springs' water call and the termination of the 1980 Agreement is not acceptable to Idaho Trout Company. In addition, IDWR and State agencies have issued reports documenting the effects of groundwater pumping since 1964 (copies of these reports have previously been submitted to the Idaho legislature by Idaho Trout Company). It is now 2006, forty two years later. To use the year 1980 represents a compromise date at which to measure depletive effects to the aquifer and from which to establish a baseline for aquifer restoration.

Short term measures include immediate measurable water and or rental compensation for Idaho Trout Company's 45% water shortages in 2004, higher shortages documented in 2005. As an example, where Idaho Trout Company's senior rights are deprived of water, junior water right holders can rent water from us until that water returns. As a further example, say an entity, such as Idaho Power or a Canal company (or reservoir water right holder) rented its water for recharge for \$50.00 per acre foot for one-half year, then, for a spring water user, the annual rental rate would be \$100.00/ac.ft/year. The rent ceases when the water returns due to the anticipated success of the intermediate and long term actions.

In 2000 negotiations, Idaho Trout Company suggested the ESPA be designated a Critical Ground Water Management Area. The West's long history of drought coupled with a continued increase in groundwater withdrawals necessarily yields a matrix where the resource is over appropriated, denying senior water right holders access to a resource depleted over decades. We continue to encourage the designation of a Critical Ground Water Management Area for protection of a fragile, not an infinite, resource.

Short term: An immediately increased water supply, (or rental compensation) for Blue Lakes Trout, Clear Lakes Trout, Fisheries Development (Billingsley Creek Trout), Rim View Trout, and White Springs Trout Farms based upon their water shortage.

Intermediate: Not only a retirement of acreage, but a measurable reduction in pumping of water commensurate with 265,000 AF (13% of current groundwater pumping) per year requiring monitoring and enforcement. Monitoring is necessary because any agreement with intermediate actions requires that Spring water users agree to suspend the legal authority and power contained in those rights. Additionally, monitoring of spring flows at Idaho Trout Company's facilities is essential in order to verify the stabilization of our water rights. Governmental monitoring may not be necessary. It may be less expensive and more effective if the Groundwater District and TSWUA establish a joint "water master - ditch rider" committee/person(s).

Long Term: Recharge at an annual minimum of 500,000 AF to stabilize the aquifer.

Spring water flows will measure success or failure.

Craig Evans
Water District 120
Bingham Ground Water District
1523 W. 300 N.
Blackfoot, ID 83221
February 4, 2010

Mr. Terry Uhling, Chairman Idaho Water Resource Board 322 East Front Street Boise, Idaho 83720

Dear Mr. Chairman,

There has been a significant controversy lately surrounding the CAMP proposal for dealing with recharge water being diverted under the Board's recharge right through canals in the Water District 01 service area.

This issue was the subject of a presentation which I gave to a group of Idaho State legislative leadership and legislators representing the Eastern Snake Plain Area at a meeting in January of 2007 in Boise. At that time I handed out the same information as contained in the other two attached files. The first attachment is copies of three pages for each year from 1995 to 2000 from the Watermaster District 01 Annual Report and the second attachment is a spreadsheet compiling recharge information from those six years.

The 1995 Legislature appropriated \$945,000 to the Idaho Water Resources Board for recharge activities in Water District 01. Water was recharged <u>each year</u> from 1995 through 2000 as shown. The Board set a rate of \$0.25 per acre-foot for carrying and recharging this water.

This an outline of that recharge activity:

- Recharge period **1995-2000**
- Number of canals participating ranged from 15 to 8 with an average each year of 12
- Total amount of water recharged 986,737 Acre-Feet
- Total cost of water recharged \$610,508
- Average cost per acre-foot \$0.62

It is interesting to note that several of the canals that are saying now that \$3 per acre-foot isn't enough were the same ones who recharged every year for the payment of \$0.25 then per acrefoot. Had the carrying fee at that time been below their costs of running that water, they obviously wouldn't have participated.

As a member of the CAMP group representing Water District 120, we ground water users are in favor of the current CAMP process providing equal opportunity and payment for all canals proportional to the water available and subject to the 40-60 percent split between the lower and upper valley.

If you or anyone else have questions, I will be on the Conference call tomorrow February 5th until 10:45 or you can contact me as listed below.

My thanks and appreciation goes to you and the rest of the Board for helping and facilitating this approach to resolve these difficult issues between us as water users.

Sincerely,

Craig B. Evans,

Chairman and Board Member

Home phone 208-684-3614 Cell phone 208-680-3527 E-mail <u>idcspud@aol.com</u>

E-mailed to Idaho Water Board

Mr. Terry Uhling

Mr. Gary Chamberlain

Mr. Bob Graham

Mr. Jerry Rigby

Mr. Charles (Chuck) Cuddy

Mr. Roger Chase

Mr. Leonard Beck

Mr. Vince Alberdi

Water Recharged by Water Dist. 01 1995-2000 From Watermaster Dist. 01 Annual Reports

<u>Year</u>	1995	1996	1997	1998	1999	2000	6 Yr Totals
Storage A/F	72,091						
Nat. Flow A/F	66,585						
Total Acre Feet	138,676	169,001	214,780	200,687	152,523	69,639	
Add'l Recharge Nov-Dec	41,431						
Total Recharged	180,107	169,001	214,780	200,687	152,523	69,639	986,737
Costs						<.	
Pd to suppliers	\$142,168	\$66,628			\$21,961	\$30,721	
Pd to Carriers			\$38,004	\$20,016	\$50,171	\$31,562	
Pd to IWRB	\$14,218	\$6,662		\$2,196		\$3,072	
Pd Water Dist. 01	\$53,319	\$24,985		\$8,243		\$11,520	
Other Costs			\$49,390	\$10,715	\$21,803	\$6,554	
Total Costs	\$209,705	\$98,275	\$83,994	\$41,170	\$93,935	\$83,429	\$610,508
Total Costs/CFS	\$1.16	\$0.58	\$0.39	\$0.21	\$0.62	\$1.20	\$0.62
					,	¥ ¥	Average

1995

MANAGED RECHARGE

In 1934, Lynn Crandall estimated that 300,000 acre-feet of water was lost to groundwater as a result of winter diversions on the upper Snake River. In the 1980's, Luther Kjelstrom of the U.S. Geological Survey reported (USGS Report 87-4063) that, "between the early 1890's and the late 1950's, when most of the surface-water irrigated land was developed, the regional water table rose 60 to 70 feet, and groundwater discharge as spring flow to the Snake River from Blackfoot to Neeley nearly doubled." Similar increases in from the north-side springs near Hagerman were observed during that same time period. There is little over the years irrigated agriculture has that contributed millions of acre-feet of additional water to the Snake Plain Aquifer. Later priority water rights have been developed that rely upon the continuation of irrigation contributions to groundwater.

During the drought years that extended from 1987 through 1994, there was a significant reduction in the amount of water reaching the regional Snake River Plain Aquifer. As a result, groundwater levels and spring discharge declined throughout the Snake River Basin. aquaculture industry that relies upon springs that discharge into the Snake River canyon between Twin Falls and Hagerman was particularly concerned about the observed decreases in spring flow and it was largely through their effort that the Idaho State Legislature appropriated \$945,000 to 1995 purchase storage water to be used for recharging the Snake 🚿 River Plain Aquifer. This appropriation was made to the Idaho Water Resources Board (IWRB), who in turn purchased 295,312 AF of water from the Water District 1 Rental Pool at a cost of \$871,171.88. In addition, the IWRB agreed to pay canal companies and irrigation districts \$0.25 per acre-foot for carrying and recharging this water. There were twelve (12) entities that submitted acceptable recharge plans to the watermaster. The recharge credited to each of these entities follows this section.

At the end of the year suppliers were paid a total of \$104,852.00 for storage leased for recharge. Money not used to purchase storage was carried over for future years to purchase water for recharge. On October 1, 1995, the end of the Water District's fiscal year, \$685,744.42 remained. This included \$24,296.87 in accrued interest.

WATER RECHARGED BETWEEN APRIL AND JULY (acre-feet)

CANALS	STORAGE	NAT FLOW	TOTAL
Aberdeen-Springfield Canal Co.	6,078	1,874	7,952
American Falls Res. Dist No. 2	17,718	33,585	51,303
Burgess Canal and Irrig. Co.	13,962	4,261	18,223
Egin Canals	3,072	1,845	4,917
Fall River Canal Co.	885	1,360	2,245
Farmers Friend	2,587	1,222	3,809
Fremont-Madison Irrig. Dist.	3,787	2,194	5,981
Harrison Canal Company	6,149	2,924	9,073
New Sweden Irrig. District	7,242	2,654	9,896
North Side Canal Company LTD	4,331	10,007	14,338
Progressive Irrig. District	6,280	4,589	10,869
Snake River Valley Irrig Dist	0	70	70
TOTAL	72,091	66,585	138,676

An additional 41,431 acre-feet of water was recharged between November 1 and mid-December making the recharge total for the year 180,107 acre-feet.

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RECHARGE FINANCIAL SUMMARY

11/1/1994	Beginning Balance	0.00	
	1995 Rental Request	\$871,171.88	
	Paid to Suppliers	-142,186 00	
	Paid to IWRB	-14,218 60	
	Paid to Water District 1	-53,319.75	
	Interest Earned 5/95-10/95	24,296 89	
10/31/1995	Ending Balance	-	685,744.42

 1996

MANAGED RECHARGE

In 1934, Lynn Crandall estimated that 300,000 acre-feet of water was lost to groundwater as a result of winter diversions on the upper Snake River. In the 1980's, Luther Kjelstrom of the U.S. Geological Survey reported (USGS Report 87-4063) that, "between the early 1890's and the late 1950's, when most of the surface-water irrigated land was developed, the regional water table rose 60 to 70 feet, and groundwater discharge as spring flow to the Snake River from Blackfoot to Neeley nearly doubled." Similar increases in flows from the north-side springs near Hagerman were observed during that same time period. There is little that over the years irrigated doubt agriculture has contributed millions of acre-feet of additional water to the Snake Plain Aquifer. Later priority water rights have been developed that rely upon the continuation of irrigation contributions to groundwater.

During the drought years that extended from 1987 through 1994, there was a significant reduction in the amount of water reaching the regional Snake River Plain As a result, groundwater levels and spring discharge declined throughout the Snake River Basin. aquaculture industry that relies upon springs that discharge into the Snake River canyon between Twin Falls and Hagerman was particularly concerned about the observed decreases in spring flow and it was largely through their effort that the Idaho State Legislature appropriated \$945,000 purchase storage water to be used for recharging the Snake River Plain Aquifer. This appropriation was made to the Idaho Water Resources Board (IWRB), who in turn purchased 295,312 AF of water from the Water District 1 Rental Pool at a cost of \$871,171.88. In addition, the IWRB agreed to pay canal companies and irrigation districts \$0.25 per acre-foot for carrying and recharging this water. In 1996, there were fifteen (15) entities that submitted acceptable recharge plans to the watermaster. The recharge credited to each of these entities follows this section.

At the end of the year suppliers were paid a total of \$66,628.60 for storage leased for recharge. Money not used to purchase storage was carried over for future years to purchase water for recharge. On October 31, 1996, the end of the Water District's fiscal year, \$625,799.90 remained. This included \$38,751.08 in accrued interest.

1996 WATER RECHARGED (acre-feet)

CANALS	TOTAL
American Falls Reservoir Dist. No. 2	26,444.0
Burgess Canal Company	23,080 0
Egin Bench Canal	38,625.0
Fall River	7,300.0
Farmers Friend	6,729.0
Fremont-Madison Irrigation District	10,479.0
Harrison Canal Company	15,334 0
New Sweden Irrigation District	5,094 0
North Side	17,225.0
Peoples	2,513.0
Rigby	5,202.0
Rudy	5,740 0
Salem Union	1,778.0
Snake River Valley	1,908.0
Twin Groves	1,550 0
TOTAL	169,001 0

11/1/1995	Beginning Balance		685,744.42
	Paid to Suppliers	-66,628 60	·
	Paid to IWRB	-6,662.86	
	Paid to Water District 1	-24,985.73	
	Interest Earned 11/95-10/96	38,751.08	
	Recharge Coordinator Fees	-418.41	
10/31/1996	Ending Balance		625,799.90

MANAGED RECHARGE

In 1934, Lynn Crandall estimated that 300,000 acre-feet of water was lost to groundwater as a result of winter diversions on the upper Snake River. In the 1980's, Luther Kjelstrom of the U.S. Geological Survey reported (USGS Report 87-4063) that, "between the early 1890's and the late 1950's, when most of the surface-water irrigated land was developed, the regional water table rose 60 to 70 feet, and groundwater discharge as spring flow to the Snake River from Blackfoot to Neeley nearly doubled." Similar increases in flows from the north-side springs near Hagerman were observed during that same time period. There is little that over the years irrigated agriculture contributed millions of acre-feet of additional water to the Snake Plain Aquifer. Later priority water rights have been developed that rely upon the continuation of irrigation contributions to groundwater.

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During 1997 no storage was leased for recharge. Therefore the remaining balance was carried over for future years to purchase water for recharge. A total of \$3,400.00 was paid to carriers for structural improvements to enhance recharge and \$59,985.25 was paid for carrying fees. Recharge Coordinator fees were \$24,010.51. On October 31, 1997, the end of the Water District's fiscal year, \$576,219.48 remained. This included \$37,815.34 in accrued interest.

TABLE 34. 1997 Managed Recharge Summary (acre-feet)

Canal or Irrigation District	Volume
American Falls Reservoir District #2	64,809
Egin Bench Canals	47,829
Enterprize Canal	4,251
Fall River Canal	4,772
Farmers Friend Canal	3,742
Fremont-Madison Irrigation District	5,522
Harrison Canal	7,032
New Sweden Irrigation District	12,075
Northside Canal	35,183
Peoples Canal	2,202
Salem Union Canal	4,069
Snake River Valley Irrigation District	4,356
Southwest Irrigation District	1,500
Twin Falls Canal	13,705
Twin Groves Canal	3,733
TOTAL	214,780
	*

11/1/1996	Beginning Balance		625,799 90
•	Improvement Payments		•
	American Falls	-1,800.00	
	New Sweden	-750.00	
	Fremont-Madison	-850.00	. •
	Recharge Coordinator Fees		
	(11/1/96-10/31/97)	-22,887 31	
	Earl Corless	-1,123.20	
	American Falls Recharge	-14,485.00	
	Water District 34 Recharge	-7,495.75	
	Interest Earned 11/96-10/97	37,815.34	
	Carrying fees		
	97 Spring Recharge (1/97-7/97)	-38,004.50	
10/31/1997	Ending Balance	•	576,219.48

MANAGED RECHARGE

In 1934, Lynn Crandall estimated that 300,000 acre-feet of water is lost to groundwater as a result of winter diversions on the upper Snake River. In the 1980's, Luther Kjelstrom of the U.S. Geological Survey reported (USGS Report 87-4063) that, "between the early 1890's and the late 1950's, when most of the surface-water irrigated land was developed, the regional water table rose 60 to 70 feet, and groundwater discharge as spring flow to the Snake River from Blackfoot to Neeley nearly doubled." Similar increases in flows from the north-side springs near Hagerman were observed during that same time period. There is little doubt that over the years irrigated agriculture has contributed millions of acre-feet of additional water to the Snake Plain Aquifer. Later priority water rights have been developed that rely upon the continuation of these irrigation contributions to groundwater.

During the drought years that extended from 1987 through 1994, there was a significant reduction in the amount of water reaching the regional Snake River Plain Aquifer As a result, groundwater levels and spring discharge declined throughout the Snake River Basin. The aquaculture industry that relies upon springs that discharge into the Snake River canyon between Twin Falls and Hagerman was particularly concerned about the observed decreases in spring flow, and it was largely through their effort that the 1995 Idaho State Legislature appropriated \$945,000 to purchase storage water to be used for recharging the Snake River Plain Aquifer. This appropriation was made to the Idaho Water Resources Board (IWRB), who in turn purchased 295,312 AF of water from the Water District 1 Rental Pool at a cost of \$871,171.88. In addition, the IWRB agreed to pay canal companies and irrigation districts \$0.25 per acre-foot for carrying and recharging this water. In 1998, there were eleven (11) entities that submitted acceptable recharge plans to the watermaster. The recharge credited to each of these entities follows this section.

During 1998 rental pool suppliers provided 10,990.7 acre-feet of storage for recharge ** Money not used to purchase storage was carried over for future years to purchase water for recharge. A total of \$20,016.50 was paid for carrying fees. Recharge Coordinator fees were \$3,861.31. On October 31, 1998, the end of the Water District's fiscal year, \$580,884.29 remained. This included \$35,397.49 in accrued interest.

^{**} Since payment to suppliers was made after the end of the 1998 fiscal year, this amount does not appear in the recharge financial summary for 1998



TABLE 32 1998 Managed Recharge Summary (acre-feet)

Canal or Irrigation District	Volume 1
American Falls Reservoir District #2	54,790
Egin Bench Canals	69,324
Fall River Canal	2,452
Farmers Friend Canal	1,217
Fremont-Madison Irrigation District	6,696
Harrison Canal	5,754
New Sweden Irrigation District	14,216
Northside Canal	18,409
Salem Union Canal	1,962
Twin Falls Canal	21,632
Twin Groves Canal	4,235
TOTAL	200,687

11/1/1997	Beginning Balance		\$576,219.48
	Recharge Coordinator Fees		,
	(11/1/97-10/31/98)	-3,861.31	
	Earl Corless	-6,854.87	
	Interest Earned 11/97-10/98	35,397.49	
	Carrying fees paid 4/98	-20,016.50	
10/31/1998	Ending Balance	• •	\$580,884.29

MANAGED RECHARGE

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Between July 2 and October 31, 1999, rental pool suppliers provided 15,360 8 acre-feet of storage for recharge. Money not used to purchase storage was carried over for future years to purchase water for recharge. A total of \$38,130.75 was paid for carrying fees charged in 1999* Recharge Coordinator fees were \$14,480.12. In order to increase recharge and improve water management in the Big Lost River Basin, Water District 34 was paid \$7,323.19 to assist with the installation of diversion structures and measuring devices. On October 31, 1999, the end of the Water District's fiscal year, \$515,405.85 remained in the recharge account. This included \$28,458.33 in accrued interest.

^{*} Storage supplier payments and carrying fees for 1998 appear in the following 1999 financial summary because those payments were made in the 1999 fiscal year.

TABLE 32 1999 Managed Recharge Summary (acre-feet)

Canal or Irrigation District	Volume
American Falls Reservoir District #2	40,283
Big Wood Canal	11,540
Egin Bench Canals	52,475
Fall River Canal	1,888
Farmers Friend Canal (St. Anthony)	3,366
Fremont-Madison Irrigation District	•
Harrison Canal	6,790
New Sweden Irrigation District	4,193
Northside Canal	13,409
Salem Union Canal	10,816
Twin Groves Canal	5,002
1 will Gloves Callal	2,761
TOTAL	152,523

11/01/1998	Beginning Balance		\$580,884 29
11/01/1999	Recharge Coordinator Fees	-14,480.12	
i.	Recharge Water District 34	-7,323.19	
	Interest Earned 11/98-10/99	28,458.33	
	Carrying fees paid 3/99	-50,171.75	
	Supplier Payments 3/99	-21,961.71	
10/31/1999	Ending Balance		\$515,405.85

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MANAGED RECHARGE

In 1934, Lynn Crandall estimated that 300,000 acre-feet of water is lost to groundwater as a result of winter diversions on the upper Snake River. In the 1980's, Luther Kjelstrom of the U.S. Geological Survey reported (USGS Report 87-4063) that, "between the early 1890's and the late 1950's, when most of the surface-water irrigated land was developed, the regional water table rose 60 to 70 feet, and groundwater discharge as spring flow to the Snake River from Blackfoot to Neeley nearly doubled." Similar increases in flows from the north-side springs near Hagerman were observed during that same time period. There is little doubt that over the years irrigated agriculture has contributed millions of acre-feet of additional water to the Snake Plain Aquifer. Later priority water rights have been developed that rely upon the continuation of these irrigation contributions to groundwater.

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Between July 2 and October 31, 2000, rental pool suppliers provided 3,360.5 acrefeet of storage for recharge. Money not used to purchase storage was carried over for future years to purchase water for recharge. A total of \$17,409.75 was paid for carrying fees charged in 2000*. Recharge Coordinator fees were \$6,554.39. In order to increase recharge and improve water management in the Big Lost River Basin, Water District 34 was paid \$4,409.45 to assist with the installation of diversion structures and measuring devices. On October 31, 2000, the end of the Water District's fiscal year, \$418,268.79 remained in the recharge account. This included \$21,142.33 in accrued interest.

^{*} Storage supplier payments and carrying fees for 1999 appear in the following 2000 financial summary because those payments were made in the 2000 fiscal year.



TABLE 32 2000 Managed Recharge Summary (acre-feet)

Canal or Irrigation District	Volume
American Falls Reservoir District #2	° 7 202
Egin Bench Canals	2,382 43,331
Fall River Canal	•
Fremont-Madison Irrigation District	1,452
Harrison Canal	3,400
New Sweden Irrigation District	3,142
Salem Union Canal	10,090
Twin Groves Canal	1,978
1 will Groves Carlai	3,864
TOTAL	69,639

11/1/1999	Beginning Balance	÷	\$515,405.85
	Recharge Coordinator Fees		
	(11/1/99-10/31/00)	-6,554.39	
	Recharge WD34	-4,409 45	
	Interest Earned 11/99-10/00	21,142.33	
	Carrying fees paid 1/00	-31,562.00	
	Supplier Payments 2/00	-30,721 60	
	WD1 Rental Pool Fee 2/00	-11,520.60	
	IWRB Rental Pool Fee 2/00	-3,072.16	
	Idaho Water Alliance	-20,000 00	
	1998 Irrigation year WD1 Rental Pool Fees	-8,243 02	
	1998 Irrigation year IWRB Rental Pool Fees	-2,196 17	
10/31/2000	Ending Balance		\$418,268.79



TWIN FALLS CANAL COMPANY

POST OFFICE BOX 326 TWIN FALLS, IDAHO 83303-0326



February 3, 2010

Mr. Terry T. Uhling Chairman, Idaho Water Resource Board J.R. Simplot Company 999 Main St., Suite 1300 Boise, Idaho 83702

Re: Draft CAMP Funding Legislation

Dear Chairman Uhling:

As a follow up to the Implementation Committee teleconference held on February 2nd, I wanted to directly express Twin Falls Canal Company's concerns with the draft funding legislation to be considered by the Board. Although we support the general funding concepts we still have specific concerns with the language in the draft legislation (Version 1.8) and the fundamental legal concerns identified in the memo presented to Jonathan Bartsch on behalf of surface water users and spring users. I am providing a copy of that memo for your review.

Although Mr. Bartsch and Mr. Anderson indicated the concerns could be addressed, we would appreciate additional time to have water users and their counsel work together with IDWR counsel to improve the legislation. I only received the legislation for the first time during the week of the IWUA convention and given the significant issues identified in the attached memo, it is clear these matters require careful and comprehensive consideration by all affected water users.

As a member of the Implementation Committee and a representative of a water user I want to ensure we craft the best possible legislation with the necessary input from those involved and concerned. Thank you for your consideration of our position.

Sincerely,

Brian Olmstead

Manager

Enc.

cc:

IWRB Board Members



A&B Irrigation District

P.O. Box 675 414 11th Street Rupert, ID 83350

Phone: 208-436-3152 Fax: 208-436-3151

abid@pmt.org

February 4, 2010

Mr. Terry T. Uhling Chairman, Idaho Water Resource Board J.R. Simplot Company 999 Main St., Suite 1300 Boise, Idaho 83702

Re: Draft CAMP Funding Legislation

Dear Chairman Uhling:

I participated on the Implementation Committee teleconference held on February 2nd, and wanted to reiterate A&B Irrigation District's issues and continuing concerns with the draft funding legislation to be considered by the Board. Although we presented initial comments through the Surface Water Coalition comments on an earlier version of the bill, after further review and discussion with other water users, it is clear that there are some fundamental legal issues that need to be fully reviewed and resolved.

Although A&B generally supports the "concept" to fund CAMP, we do not support the current version of the legislation unless the issues identified in the memo that was presented to Jonathan Bartsch prior to the Implementation Committee meeting are completely evaluated and resolved. It is my understanding that this memo will be forwarded to you by others.

We would appreciate an opportunity to work through the draft legislation through a committee of water users and their representatives. This approach has worked well with legislation considered by IWUA through its legislative committee, and we think a similar approach would be helpful here.

Sincerely.

Dan Temple

Manager

NORTH SIDE CANAL COMPANY, LTD.

921 NORTH LINCOLN * JEROME IDAHO 83338 * (208)324-2319 * FAX (208)324-8906

February 4, 2010

Mr. Terry T. Uhling Chairman, Idaho Water Resource Board J.R. Simplot Company 999 Main St., Suite 1300 Boise, Idaho 83702

Re: Draft CAMP Funding Legislation

Dear Chairman Uhling:

I wanted to voice support for continued review and evaluation of the draft legislation that is being considered by the Implementation Committee and the Water Board to fund CAMP. I have discussed the matter with other surface water users and it is evident that fundamental issues regarding the new authority being contemplated for the Water Board should be carefully considered before any final legislation is forwarded for consideration.

North Side Canal Company supports the concept to fund CAMP, but we believe that the issues communicated to Mr. Bartsch on our behalf should be evaluated further by a group of water users and their representatives.

Sincerety

Ted Diehl Manager

cc: IWRB Board Members